

Accumulated Tax Credit Venture Investment Program

The Accumulated Tax Credit Venture Investment Program allows Connecticut businesses to utilize unused tax credits in return for investments into corporate venture funds that have been established to support innovative, growing Connecticut companies.

Eligible Companies must:

- Have more than \$2,500,000 of CT R&D tax credits on their balance sheet without ability to utilize them in the next two years
- Invest at least \$5,000,000 in a corporate venture fund
- Be located in the State of Connecticut

Investments shall be subject to the following requirements:

- They shall be made under the advisement of a representative of Connecticut Innovations, Incorporated, who is a member of the corporate venture fund's investment committee
- All investments shall be invested in (A) start-up businesses located in the state, or (B) spin-off companies located in the state from the company's research and development department
- The portion of profits attributable to such investments shall be divided equally between the state and the company
- The company will reinvest the profits attributable to exits in investments in the corporate venture fund

DECD and Connecticut Innovations will negotiate with the company to determine the amount of accumulated tax credits it can utilize in exchange for the venture investments. Connecticut Innovations will also work with the company to find investable opportunities.

Interested companies must submit a plan to DECD for investing in venture related activities and the expected outcomes of the investment including:

- Target markets for investments
- Expected investment amount/company (# of expected investments)
- Stage of companies. (i.e., pre-revenue, early stage, or growth. Preference given for early stage investing)
- Expected new jobs in the State
- Expected returns
- Location of the companies

Companies are also required to complete an [application](#) which will be reviewed and analyzed to ensure compliance with the statute. Applications will be reviewed in conjunction with Connecticut Innovations for their fit with the program criteria. Subsequently, the Department of Revenue Services will work with DECD to determine the use and timing of accumulated credits over the life of the proposed investment. Approved applicants will obtain written approval for a

specified amount of tax abatement prior to being allowed to offset taxes, and over what period of time.

The Accumulated Tax Credit Expansion Program was created in Public Act 17-2 (June Special Session), section 702.

For more information, contact Rob Michalik at 860-500-2486.